



AFI Financial Education Toolkits

Using the Money Smart Curriculum in Your IDA Project

Tools AFI Grantees Can Use

This is a repeat of a webinar held on March 29, 2011

Materials developed by: Inger Giuffrida

Webinar Facilitated by: Inger Giuffrida & Kimberly Zimmerman Rand

March 29, 2012

Session Purpose

To provide participants with an overview of the AFI Toolkits including how to use them to augment and enhance the FDIC Money Smart Curriculum and other financial education for AFI participants and specific target audiences.

Webinar Objectives

- Explain the rationale for the development of the AFI Toolkit including the target audiences the materials were designed to reach.
- Describe how to use these materials in conjunction with the FDIC Money Smart Curriculum.
- Explain the general organization of the AFI Toolkit modules.
- Use specific activities from the AFI Toolkit based on explanations provided during the webinar.

Rationale for the Toolkits

- **Curriculum Purpose Money Smart**
 - FDIC Money Smart Curriculum original target audience(1):
 - **To help adults** enhance their money management skills, understand basic financial services offered by the financial mainstream, and build financial confidence to use banking services effectively.
 - **To provide financial institutions** with a tool to assist in community outreach and economic development.

(1) Source: A Longitudinal Evaluation of the Intermediate-term Impact of the Money Smart Financial Curriculum Upon Consumers' Behavior and Confidence. FDIC. April 2007

Rationale for the Toolkits

- **Financial Education Curriculum Purpose—AFI Projects**

- Primary rationale for financial education in the context of an AFI project:
 - *Find money to save regularly for the IDA through the budgeting process.*
 - *Develop financial management skills to get and keep the assets participants have worked so hard to get.*
- (There is no link with IDAs in the Money Smart curriculum.)

Rationale for the Toolkits

- **Target Audience
FDIC Money
Smart**
 - Adults
 - Financial Institutions
- **Target Audience
AFI Programs**
 - Individuals with low income and limited assets
 - With a specific goal: to get a home, post secondary ed. or start a business
 - Many market segments

Rationale for the Toolkits

- **Some Information Too Basic for Average AFI Participant**
 - Because many AFI participants have financial institution experience, the information developed about using banks and banking products has been perceived as too simplistic, the credit information lacking appropriate depth, etc.

Rationale for the Toolkits

- **Limited Training Methodology Used**
 - The primary methodologies used in the FDIC Money Smart Curriculum are presentation (lecture) and facilitated discussion.
 - *Most practitioners have found participatory methodologies make the training more effective and engaging for their participants.*

Sidebar on Methodology and Retention

People retain:

- 20% of what they hear
- 30% of what they see
- 50% of what they see and hear
- 70% of what they see, hear and talk about
- 90% of what they hear, see, talk about and do

Advantages of the Money Smart Curriculum

- Modular
- Flexible
- Free
- Available in many languages including Braille
- Computer-based instruction in CD-ROM format

FDIC Money Smart Evaluation Results⁽²⁾

- Money Smart Training positively affected participants' behavior and that those behavioral changes were demonstrated many months after they had completed the training.

(2) www.fdic.gov/news

FDIC Money Smart Evaluation Results⁽³⁾

- More likely to **open deposit accounts**, save money in mainstream deposit products, *use and adhere to a budget*, and have **increased confidence in their financial abilities** 6 to 12 months after completing the course compared with before the course.

(3) www.fdic.gov/news

For the full report, see: <http://www.fdic.gov/consumers/consumer/moneysmart/pubs/ms070424.pdf>

Goal for the IDA Training Toolkits

- To make the Money Smart Curriculum as useful as possible to AFI Grantees
 - The toolkit focuses on incorporating:
 - *participatory methodology*
 - *the IDA context*
 - *new instructional materials*

Overview of Toolkit Components

- Introduction to the module including the objectives
- **Step-by-Step Overview of the Money Smart Module** (at-a-glance overview of the session flow)
- List of **Instructor Aids** in the Module
- **AFI Training Tools for the Module**—summary list including target audiences for each additional exercise
- AFI Training Tools—facilitator guide and supplemental handouts

Target Audiences for Toolkits

- **People without Formal Banking Relationships**—individuals in this category are generally people without existing relationships with financial institutions—banks, credit unions, or thrifts. They may have had relationships in the past. They are generally inexperienced with financial services and how to use those services. In many cases, there is a general fear of financial institution. Exercises added for this target audience provide more hands on practice with basic banking skills.
- **People with Existing Banking Relationships**—individuals that have relationships with financial institutions ranging from individuals with very basic relationships to individuals who use multiple products and services. Exercises added for this target audience provide more in-depth information or new information to keep them engaged in the session.

Target Audiences for Toolkits

- **Young People**—individuals under eighteen (some IDA programs extend the definition of youth to 23). Individuals in this target audience are both banked, but generally with little experience, and unbanked. Exercises added for this target audience provide more hands on practice with basic banking skills.
- **New Americans (Participants who are Immigrants, Refugees, Asylees)**—individuals in this target audience generally lack experience with the U.S. economic and banking system. Exercises added for this target audience are designed to explain this system and build trust for this system.

Methodology Used in Toolkits

- Small Group Exercises
- Contests
- Vote with Your Feet
- Individual Exercises
- Individual Reflection
- Demonstrations
- Carousels
- Create a Picture
- Nominal Group Technique
- Brainstorming
- Small Group Reports
- Games
- Skits
- Case Studies

How to Use the Toolkits

1. With the appropriate Money Smart Module (make the session longer)
2. Instead of sections of the Money Smart Module (keep the session the same length; swap out segments)
3. In your own financial education program (use ***Toolkit*** modules in your own curriculum or another you may use)

Organization of the Money Smart Curriculum

1. Bank on It
2. Borrowing Basics
3. Check it Out
4. Money Matters
5. Pay Yourself First
6. Keep it Safe
7. To Your Credit
8. Charge it Right
9. Loan to Own
10. Your Own Home
11. Financial Recovery
(developed after the Toolkits)

Module 1: Bank on It

- Identify the major types of insured financial institutions;
- Identify five reasons to use a bank;
- Describe the steps involved in opening a bank account;
- Describe two types of deposit accounts;
- Identify additional bank services that come with deposit accounts; and
- Describe the primary function of the bank customer service representative, teller, loan officer, and branch manager.

Toolkit for Module 1

- **1.1 About IDAs**– Provides an overview of IDAs as a banking service through a combination of facilitated discussion, presentation, and small group discussion. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people, new Americans.*
- **1.2 Banking Services and Your Goals** – Provides material about how financial institutions and their services can help participants reach their goals. Uses the techniques of small group discussion, large group facilitated discussion, carousel, and individual reflection. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people, new Americans.*
- **1.3 More about Financial Institutions, How they Work, and the Reasons they are Safe** – Provides material about how financial institutions work using small group discussion, skits, and large group facilitated discussion. *Target audiences: people with existing banking relationships, new Americans.*

Toolkit for Module 1

- **1.4 Using Fringe Banking Services: A Closer Look** – Provides discussion about fringe banking and alternatives, using large group facilitated discussion, nominal group technique, presentation, small group exercises, and small group discussion. *Target audiences: people without formal banking relationships, young people, new Americans.*
- **1.5 Understanding Interest: A Closer Look** – Provides additional material about interest and how it works. Features large group exercises, exercises for pairs, and large group facilitated discussion. *Target audiences: people with existing banking relationships, young people, new Americans.*

Module 2: Borrowing Basics

- Define credit;
- Explain why credit is important;
- Distinguish between secured and unsecured loans;
- Identify three types of loans;
- Identify the costs associated with getting a loan;
- Explain why it is important to be wary of rent-to-own, pay-day loan, and refund anticipation services; and
- Determine if they are ready to apply for credit.

Toolkit for Module 2

- **2.1 A Little More About Credit** – Provides a more in-depth look at credit—what it is, the difference between secured and unsecured credit, and the connection to net worth. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people, new Americans.*
- **2.2 Installment versus Revolving Credit** – Provides material about the fundamental differences between installment and revolving credit. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people, new Americans.*
- **2.3 Understanding Interest and Fees** – Provides a general discussion about how interest is calculated and the reasons determining the ultimate cost of an item paid for with a credit card is difficult to determine. *Target audiences: people with existing banking relationships, young people, new Americans.*

Toolkit for Module 2

- **2.4 Using Fringe Banking Services: A Closer Look** – Provides discussion about fringe banking and alternatives. *Target audiences: people without formal banking relationships, young people, new Americans.*
- **2.5 How the Credit Decision is Made** – Provides a participatory way to look at how the credit decision is made by lenders. To be used instead of the materials presented in *Money Smart*.

Module 3: Check it Out

- State the benefits of using a checking account;
- Determine which checking account is best for them;
- Identify the steps involved in opening a checking account;
- Add and withdraw money from a checking account; and
- Reconcile a check register with a bank statement.

Toolkit for Module 3

- **3.1 Key Terms and Definitions** – Provides definitions of basic terms used in the Check It Out module. Project staff may want to provide these definitions to participants as a handout. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people, new Americans.*
- **3.2 Types of Endorsements** – Explains methods for endorsing checks and the pros and cons of each method. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people, new Americans.*
- **3.3 How to Manage Your Money Safely without a Checking Account** – Provides IDA participants who are poor candidates for checking accounts with tools for managing their money using a bank or credit union savings account, money orders, and cash payments, and for keeping careful files to document bills paid. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people, new Americans.*

Module 4: Money Matters

- Track daily spending habits;
- Prepare a personal spending plan or budget to estimate monthly income and expenses;
- Identify ways to decrease spending and increase income; and
- Identify budgeting tools that will help them manage their money.

Toolkit for Module 4

- **4.1 Goals and Values** – Provides a connection between participants' goals and values and how a budget can help realize them. Connects budgeting with saving in an IDA. These materials are presented through large group facilitation along with individual reflection, a pair exercise, and an individual exercise. *Target audiences: people with existing banking relationships, young people.*
- **4.2 Tracking Daily Spending** – Includes additional materials on how to track daily spending and tools for tracking expenses that do not occur every day or every month. *Target audiences: people with existing banking relationships, young people.*
- **4.3 Monitoring a Budget** – Provides material about monitoring a budget. This is presented through large group facilitation and a small group exercise. *Target audiences: people with existing banking relationships, young people, New Americans.*
- **4.4 Using Technology to Manage Your Budget** – Presents how to use home computer software programs to assist in money management. *Target audiences: people with existing banking relationships, young people, New Americans.*

Module 5: Pay Yourself First

- Explain why it is important to save;
- Determine goals toward which they want to save;
- Identify savings options; and
- Determine which savings options will help reach savings goals.

Toolkit for Module 5

- **5.1 Finding Money to Save**– Provides IDA participants with more information on identifying money day-to-day to save. This exercise is intended to supplement the portion of the Money Smart module on finding money to save. Participatory training techniques are used. *Target audiences: people without formal banking relationships, people with existing banking relationships.*
- **5.2 Turning Goals into Savings Targets**– Provides IDA participants with the knowledge and ability to turn their goals into specific targets for saving money. Using demonstration, facilitated discussion and an individual task, this exercise is intended to supplement the section of the Money Smart module on reasons people save. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people, new Americans.*
- **5.3 Are My Deposits Safe?** – Provides IDA participants with information about how deposits are kept safe. With a large group facilitated discussion, this exercise supplements the Money Smart module's segment on types of depository accounts. *Target audiences: people without formal banking relationships, young people, new Americans.*

Toolkit for Module 5

- **5.4 Chex Systems: A Potential Obstacle to Opening a Savings Account**– Provides IDA participants with information on ChexSystems reports, obstacles participants may face when opening depository accounts, and ways to manage a ChexSystems report. Using a graphic visual aid, a group discussion and a presentation, this exercise provides additional ways to explore obstacles to opening a saving or depository account. *Target audience: people without formal banking relationships.*
- **5.5 Anticipating Other Obstacles to Savings** – Provides IDA participants with an opportunity to identify potential obstacles to saving (not only in their IDA account, but also saving in general) and strategies for overcoming obstacles. Using a graphic presentation and a nominal group technique followed by a group discussion, this exercise supplements the Money Smart module's discussion of saving and depository accounts. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people, new Americans.*

Module 6: Keep it Safe

- Identify the laws and regulations that protect their deposits;
- Identify the laws and regulations that protect them when applying for a loan;
- Guard against predatory lending practices and identity theft; and
- Describe how to be financially prepared for disasters.

Toolkit for Module 6

- **6.1 The Reason for Consumer Protection Laws** – Explains the rationale for consumer protection laws and describes who is responsible for ensuring that consumer rights have not been violated. This exercise, comprised of small group brainstorming and reporting back to the larger group, supplements the Money Smart module's discussion of consumer protection laws. *Target audience: people without formal banking relationships, people with existing banking relationships, young people, and new Americans.*
- **6.2 Current Depository Protection Limits** – Explains depository product protection limits, what is protected and what elements are not protected, and which agencies enforce protection laws. Using a large group task followed by a presentation, this exercise supplements the first segment of Money Smart Module #6. *Target audience: people with existing banking relationships and new Americans.*

Toolkit for Module 6

- **6.3 Regulator Soup** – Describes the regulatory agencies tasked with ensuring the safety and soundness of the financial services industry. Using a participatory game, this exercise reinforces the purpose of various consumer protection laws and the agencies responsible for enforcing them. *Target audience: people with existing banking relationships and new Americans.*
- **6.4 Recognizing Predatory Banking Practices** – Provides an overview of various predatory banking practices and financial services and tips for avoiding these. Using a participatory role play followed by facilitated discussion, this exercise supplements the Money Smart Module's discussion of predatory practices. *Target audience: people without formal banking relationships, people with existing banking relationships, young people and new Americans.*

Toolkit for Module 6

- **6.5 Credit Card Act**—Provides an overview of changes in credit card company practices as required by the Credit CARD Act of 2009. This presentation and facilitated discussion supplements the Money Smart Module's discussion of credit cards with updated information about the new Credit CARD Act. *Target audience: people without formal banking relationships, people with existing banking relationships, young people and new Americans.*

Module 7: To Your Credit

- Describe the purpose of a credit report and how it is used;
- Order a copy of their credit report;
- Read their credit report; and
- Identify ways to build and repair their credit history.

Toolkit for Module 7

- **7.1 Key Terms and Definitions for Credit and Credit Building** – Facilitators may use these terms and definitions in the training or provide them to the participants as a handout. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people and new Americans.*
- **7.2 Building Strong Credit Histories to Build Assets** – Provides participants with a framework to connect past and present use of credit to saving in an IDA and preparing for an asset purchase. This information is presented through presentation, individual reflection, pair exercise and large group facilitation. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people and new Americans.*
- **7.3 Paying Off Past Debt While Saving in an IDA** – Provides participants with a conceptual framework as well as practical hands-on experience in creating a debt elimination plan. This is presented through presentation, a case study to be completed in small groups and large group facilitation. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people and new Americans.*

Toolkit for Module 7

- **7.4 Credit History “Hot Spots” and Behavior Change** – Provides participants with a link between past behaviors and the impact to their credit reports. These factors are presented through presentation, a small group exercise accompanied by a carousel and large group facilitation. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people and new Americans.*
- **7.5 Credit Timeline** – Provides participants with a visual explanation of the link between borrowing actions, life events and credit scores. This information is presented through presentation, individual exercise and large group facilitation. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people and new Americans.*

Toolkit for Module 7

- **7.6 The 5 “Cs” of Credit** – Provides participants with the five areas that will be assessed on a loan application. This information is presented through large group facilitation. *Target audiences: people without formal banking relationships, young people and new Americans.*
- **7.7 Debt-to-Income Ratios** – Provides participants with an explanation of how lenders assess consumers’ debt versus their income when making a decision to for loan money. This is presented through presentation, a small group exercise utilizing a case study and large group facilitation. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people and new Americans.*

Module 8: Charge it Right

- Describe the purpose of credit cards;
- Determine which credit card is best for them;
- Identify the factors creditors look for when making credit decisions;
- Describe how to use a credit card responsibly; and
- Identify the steps to take when a credit card is lost or stolen.

Toolkit for Module 8

- **8.1 Terms and Definitions for Credit Card Use** – Provides participants with definitions of terms commonly used when discussing credit. Offered as a list, this can be used as a simple hand out and reference. *Target audiences: people without formal banking relationships, young people, and new Americans.*
- **8.2 Building Something from Nothing (A Credit History)** – Provides participants who may not have a formal credit history with tips on how to build a credit record. This is offered as a presentation and is intended to supplement the Money Smart module materials on credit card characteristics and applying for a credit card. *Target audiences: people without formal banking relationships, young people, and new Americans.*

Toolkit for Module 8

- **8.3 Credit Card Personality Types** – Provides participants with examples of how different personalities can manage and mismanage credit and the resulting impact on their credit records. This information is conveyed through a presentation, individual exercise, and large group facilitation. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people and new Americans.*
- **8.4 Co-Signing: The Skit** – Provides participants with information and practice in protecting their credit records from people who ask for their assistance (as a co-signer) but have weak credit histories. This information is presented through presentation, a skit accompanied by an active listening exercise, and large group facilitation. . *Target audiences: people without formal banking relationships, people with existing banking relationships, young people, and new Americans.*

Toolkit for Module 8

- **8.5 Cash or Credit? It's Your Choice** – Provides participants with background information and a guide to assist them in making the decision about whether or not to use credit in severe purchasing situations. This information is presented through presentation, a small group exercise, and large group facilitation.. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people, and new Americans.*

Module 9: Loan To Own

- Identify various types of installment loans;
- Explain why installment loans cost less than rent-to-own services;
- Identify the factors lenders use to make loan decisions;
- Identify the questions to ask when purchasing a car; and
- Describe the advantages and disadvantages of borrowing against a home.

Toolkit for Module 9

- **9.1 Key Terms** – Provides definitions of key terms used in this module.
- **9.2 Installment Loans vs. Revolving Credit** – Provides participants with an exercise that compares installment loan and revolving credit repayments. Using a presentation followed by a pair exercise and a group facilitated discussion, this training tool is intended to supplement the Money Smart module material on this topic. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people and new Americans.*
- **9.3 Financial Terminology Bingo** – Provides participants with a fun way to learn or reinforce financial terminology in teams in two participants. This training tool uses game followed by a discussions to reinforce understanding of the various terms used in the module. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people and new Americans.*

Toolkit for Module 9

- **9.4 Whether to Consolidate Debt** – Provides participants with a case study to determine whether to consolidate debt as well as a pro/con list to debt consolidation. This is presented through presentation, small group case study, and large group facilitation and is intended to supplement the Money Smart segment on types of loans. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people and new Americans.*

Module 10: Your Own Home

- Describe the benefits and pitfalls of renting versus owning a home;
- Identify the steps required to buy a home;
- Identify questions to ask to determine their readiness to buy a home;
- Identify basic terms used in a mortgage transaction; and
- Describe the advantages and disadvantages of different mortgage options.

Toolkit for Module 10

- **10.1 Key Terms and Definitions** – Provides participants with definitions and explanations of key terms related to buying a home.
- **10.2 Should I Rent or Should I Own** – Provides participants with a guided decision-making process to determine if renting or owning a home is right for them. This is presented through a presentation; individual exercise; and large group facilitated discussion, and is intended to supplement the Money Smart segment on renting versus owning. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people and new Americans.*
- **10.3 What You Need Vs. What You Want** – Provides participants with a way to critically think about what advertisers in the home industry are marketing. This is presented through a presentation, individual exercise, and large group facilitation. This exercise can be used to make the Money Smart segment on assessing one's readiness for homeownership more accessible for AFI participants. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people and new Americans.*

Toolkit for Module 10

- **10.4 House Rich But Cash Poor** – Provides participants with an analysis of putting all of their wealth into home ownership versus other various savings and investment vehicles. This is presented through presentation. This exercise can be used to make the Money Smart segment on assessing one's readiness for homeownership more accessible for AFI participants. *Target audiences: people with existing banking relationships, young people and new Americans.*
- **10.5 Fair Housing: The Skit** – Provides participants with information on fair housing laws and the opportunity to act out scenarios where they need to defend their rights. This is presented through presentation; skit with active listening; and large group facilitation. This exercise can be used to make the Money Smart segment on assessing mortgage affordability more accessible for AFI participants. *Target audiences: people without formal banking relationships, people with existing banking relationships, young people and new Americans.*

Toolkit for Module 10

- **10.6 Prequalification Worksheet** – Provides participants with a guide to prequalify themselves for a home purchase. This is presented through a guided individual exercise. This exercise can be used to make the Money Smart segment on assessing mortgage affordability more accessible for AFI participants. *Target audiences: people with existing banking relationships, young people and new Americans.*

Questions?

- About *Money Smart*?
- The *AFI Resource Center Toolkits*?
- The provision of financial education in general?

To Access the AFI Toolkits

- Visit: www.idaresources.org
- Click on the “Financial Education” icon and scroll down to “Toolkits: Using the Money Smart Curriculum in Your IDA Project”



Thank you for participating!

Contact your ARC or the AFI
Resource Center for more
information or assistance.
